

of time gradually rises from the moment it is declared  $x d.$  by the accruing increment of the current interest, so that at the end of four months from that date it will stand at 149J, being the 148|, plus the accrued interest for the one-third of the year expired.

In describing the operation expressed by the symbols  $xd.$  and  $x in.$ , I have obviously been treating of stocks and shares—•securities, that is to say, where the owner's name is registered (or inscribed) in the Books of a Company or Bank. For in the case of Bonds to Bearer (and the securities called Bonds are nearly always to *Bearer*), the coupons for interest attached thereto are paid, when due, to *any one* who lodges them with the Company or Bank for encashment, since the Company or Bank possess no Books in these instances which they can close for dividend purposes, seeing that, from the nature of the case, they are entirely unacquainted with the names of the persons to whom the Bonds belong—such Bonds to bearer being transferable by the simple handing of them from one person to another, and not by deed of transfer.

#### IV.—SINKING FUNDS : THEIR FORMATION AND USES

I have already recorded the sound advice of a financial authority—that every investor, however substantial be his securities, and trustworthy the rate of interest which they yield, should appropriate a portion of the annual income as a sinking fund<sup>1</sup> for possible loss of capital during the course of his investments. Investments of successful issue will certainly, even with the most vigilant and competent exercise of judgment and caution, be interspersed with investments resulting in a loss or diminution of capital; and the maintenance of an average level of value in the whole range of the selected securities demands the appropriation of part of the proceeds of

<sup>1</sup> A fund, in its original literal sense, is a bottom, or foundation (Latin *fundus*); a banking fund, for example, is the foundation of its financial operations ; the word thus acquired the sense of capital. Sinking is derived from sink, and one of its meanings is "to be reduced in value or extent

" ; hence, a sinking fund is a fund or capital devoted to the gradual sinking or reduction and extinction of any debt.